

CITY OF COON RAPIDS, IOWA

Independent Auditors' Report
Basic Financial Statements and
Supplemental Information and Findings

June 30, 2011

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City of Coon Rapids, Iowa
Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Keith Dorpinhaus	Mayor	January, 2012
Jon Esdohr	Council Member	January ,2012
Josh Smouse	Council Member	January, 2014
Janelle Kracht	Council Member	January, 2014
Roger Clayburg	Council Member	January, 2014
Geraldine Thacker	Council Member	January, 2012
Jesica Leighty	City Clerk	June, 2013
Mark C. Thomas	City Attorney	Indefinite

POLLARD AND COMPANY P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Coon Rapids

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Coon Rapids, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Coon Rapids's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which are a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Also, as permitted by the Code of Iowa, the accounting records of the City were not audited from July 1, 2008 to June 30, 2010. Accordingly, we were unable to satisfy ourselves as to the distribution of the total fund balance at July 1, 2010.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2010, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Coon Rapids as of June 30, 2011, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also included our report as dated below on our consideration of the City of Coon Rapids's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison information are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coon Rapids's basic financial statements. Other supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

March 23, 2012

Pollard and Company P.C.

Management's Discussion and Analysis

The City of Coon Rapids provides this Management's Discussion Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with City's financial statements, which follow.

FY2011 Financial Highlights

- The cash basis net assets of the City's governmental activities increased approximately \$88,500. This increase is due to city departments decreasing their spending.
- The cash basis net assets of the city's nonmajor governmental activities increased by approximately \$31,500. This is due to the revenues collected in the Storm Water fund.

Using This Annual Report

The annual report consists of a series of financial statement and other information, as follows:

Management Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present financial position and results of operation of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

Government-Wide Financial Statements

To aid in the understanding of the Statement of Activities, some additional explanation is given. First all receipts and disbursements are categorized as either governmental activities or business-type activities. These are defined as follows:

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The City's major governmental funds are the General Fund, Road Use, Employee Benefit, Local Option Sales Tax, Urban Renewal/Tax Increment, and Debt Service Fund. Disbursements of governmental funds are further broken down into the following activities:

Public Safety - This category includes police services, fire protection, and ambulance service.

Public Works - This category includes roads, sidewalks, street cleaning, street lighting, and snow removal.

Health and Social Services - This category includes mosquito control, if any.

Culture and Recreation - This category includes library services, parks, recreation, aquatic center operations, and cemetery.

Community and Economic Development - This category includes community and economic development, housing programs, and tax increment financing (TIF).

General Government - This category includes mayor, city council, city clerk/administrator, elections, legal services, city hall, the old library, and general liability insurance.

Debt Service - This category includes general debt service.

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$695,123 to \$783,603.

Receipts:

Year ended June 30, 2011

Property Taxes	\$ 367,882
Tax Incremental Financing	\$ 158,196
Other City Taxes	\$ 181,510
Licenses and Permits	\$ 3,215
Use of Money and property	\$ 6,874
Intergovernmental	\$ 298,495
Charges for services	\$ 159,444
Miscellaneous	\$ 40,946
Total Receipts	\$ 1,216,562

Disbursements:

Public Safety	\$ 232,469
Public Works	\$ 273,265
Health and Social Services	\$ 0
Culture and recreation	\$ 200,123
Community and economic development	\$ 37,867
General Government	\$ 168,402
Debt Service	\$ 215,956
Total Disbursements	\$ 1,128,082
Balance beginning of year	\$ 695,123
Balance at the end of year	\$ 783,603

Individual Major Government Fund Analysis

As the City of Coon Rapids completed the year, its governmental funds reported a combined fund balance of \$783,603, an increase of \$88,480 above last year's total of \$695,123. The following are the major reasons for the changes in fund balance of the major funds from the prior year.

- The General Fund cash balance increased \$41,798 to \$284,169 during the fiscal year. The increase is due primarily to reduction in spending by various departments.
- The Special Revenue, Road Use Tax Fund cash balance decreased by \$2,022. The decrease is not significant.
- The Special Revenue, Employee Benefits, cash balanced increased by \$10,990. The increase is due to a decrease in our Ambulance Director position.
- The Special Revenue, Local Option Sales Tax Fund cash balance increased \$12,061. This increase is due to increase in receipts.
- The Special Revenue, Tax Incremental Financing cash balance increased by \$48,229. The increase is due to the increase in TIF Collections and the decrease of TIF projects.
- The Debt Service Fund decreased by \$54,143. The decrease is due to increase of debt service payments.

Nonmajor Governmental Fund Analysis

- The Storm Water Utility Fund cash balance increased by \$31,531. This increase is due to the lack of Storm Water projects.
- The Great Places Fund cash balance increased by \$10. There was no significant changes to this account.
- The Sumpter Bridge Fund and 5th Avenue Bridge Fund were combined into a new fund, Main Street Bridge. Main Street Bridge fund was established in FY 2011. The Balance in this fund is \$40,981.

Budgetary Highlights

City Council approved one budget amendment during the year. The amendment was to cover increased expenditures.

Debt Outstanding

As of year end, the City had \$775,670 debt outstanding compared to \$949,959 in 2010.

Outstanding Debt at Year End

General Obligation Bonds/Notes:	2010	2011
South 5 th Avenue, Bridge, Street Repairs	\$ 700,000	\$ 650,000
Aquatic Center	\$ 170,000	\$ 85,000
Sumpter Bridge	<u>\$ 79,959</u>	<u>\$ 39,289</u>
TOTAL	\$ 949,959	\$ 775,670

Economic Factors and Next Year's Budget and Rates

The City of Coon Rapids' elected and appointed officials and citizens considered many factors when setting the fiscal years 2012 budget, tax rates, and fees charges for various City activities. In the city's FY2012 budget there is an increase in expenditures by \$353,344. This increase is due to increase in cost of fuel, construction of tennis courts, repairs to Main Street Bridge, and increase in health insurance costs.

Financial Contact

The City's financial statements are designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City Clerk at 123 3rd Avenue South; Coon Rapids, Iowa 50058 at 712-999-7749.

Jesica Leighty, Clerk
City of Coon Rapids

City of Coon Rapids, Iowa
Statement of Activities and Net Assets – Cash Basis
As of and for the year ended June 30, 2011

Exhibit A

		Program Receipts		Net (Disbursements)
		Charges for	Operating Grants, Contributions, and Restricted Interest	Receipts and Changes in Cash Basis Net Assets
Functions/Programs	Disbursements	Services		Governmental Activities
Governmental Activities				
Public safety	\$ 232,469	\$	\$ 43,023	\$ (189,446)
Public works	273,265	127,397	125,699	(20,169)
Culture and recreation	200,123	32,047	11,262	(156,814)
Community and economic development	37,867			(37,867)
General government	168,402			(168,402)
Debt service	215,956			(215,956)
Total governmental activities	1,128,082	159,444	179,984	(788,654)
General Receipts				
Property tax levied for				
General purposes				367,882
Tax increment financing				158,196
Local option sales tax				181,510
Payments in lieu of taxes				118,511
Unrestricted interest on investments				6,874
Miscellaneous				44,161
Total general receipts				877,134
Change in cash basis net assets				88,480
Cash basis net assets beginning of year				695,123
Cash basis net assets end of year				\$ 783,603
Cash basis net assets				
Expendable :				
Debt service				\$ 226,775
Employee benefits				12,845
Streets and Bridges				58,067
Other purposes				62,818
Equipment reserve				153,635
Unrestricted				269,463
Total cash basis net assets				\$ 783,603

See notes to financial statements

City of Coon Rapids, Iowa
Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Governmental Funds
As of and for the Year Ended June 30, 2011

Exhibit B

	Special Revenue				
	General	Road Use Tax	Employee Benefits	Local Option Sales Tax	Urban Renewal Tax Increment
Receipts					
Property Taxes	\$ 237,902	\$	\$ 47,497	\$	\$
Tax Increment Financing Collections					158,196
Other City Taxes				181,510	
Licenses and Permits	3,215				
Use of Money and Property	6,525			113	130
Intergovernmental	179,731	118,764			
Charges for Services	123,442				
Miscellaneous	40,946				
Total Receipts	591,761	118,764	47,497	181,623	158,326
Disbursements					
Operating					
Public Safety	196,852		35,617		
Public Works	119,616	120,786	28,372		
Health and Social Services					
Culture and Recreation	187,959		12,164		
Community and Economic Development				7,500	30,367
General Government	159,598		8,354		
Debt Service					
Total Disbursements	664,025	120,786	84,507	7,500	30,367
Excess (deficiency) of receipts over (under) disbursements	(72,264)	(2,022)	(37,010)	174,123	127,959
Other financing sources (uses)					
Operating transfers in	114,062		48,000		
Operating transfers out				(162,062)	(79,730)
Total other financing sources (uses)	114,062		48,000	(162,062)	(79,730)
Net change in cash balances	41,798	(2,022)	10,990	12,061	48,229
Cash balance - beginning of year	242,371	19,108	1,855	126,868	173,061
Cash balance - end of year	\$ 284,169	\$ 17,086	\$ 12,845	\$ 138,929	\$ 221,290
Cash basis fund balances (deficit)					
Restricted for:					
Debt service	\$	\$	\$	\$	\$ 221,290
Employee Benefits			12,845		
Streets and Bridge		17,086			
Other purposes					
Assigned for equipment reserve	153,635				
Unassigned	130,534			138,929	
Total cash basis fund balances	\$ 284,169	\$ 17,086	\$ 12,845	\$ 138,929	\$ 221,290

The accompanying notes to financial statements are an integral part of this statement.

Debt Service		Other Nonmajor Governmental Funds		Total
\$	82,483	\$		\$ 367,882
				158,196
				181,510
				3,215
	50		56	6,874
				298,495
			36,002	159,444
				40,946
	82,533		36,058	1,216,562
				232,469
			4,491	273,265
				200,123
				37,867
	450			168,402
	215,956			215,956
	216,406		4,491	1,128,082
	(133,873)		31,567	88,480
	79,730		40,974	282,766
			(40,974)	(282,766)
	79,730			
	(54,143)		31,567	88,480
	59,628		72,232	695,123
\$	5,485	\$	103,799	\$ 783,603
\$	5,485	\$		\$ 226,775
				12,845
			40,981	58,067
			62,818	62,818
				153,635
				269,463
\$	5,485	\$	103,799	\$ 783,603

City of Coon Rapids, Iowa
Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Fiduciary Funds- Expendable
As of and for the Year Ended June 30, 2011

Exhibit C

	<u>Library Trust & Agency</u>	<u>Library Period Trust</u>	<u>Aquatic Center</u>	<u>Dunbar - Jones Contract</u>	<u>Recreation Trail Memorial</u>	<u>Fire Association</u>
Receipts						
Use of money and property	\$ 13	\$ 2	\$ 1,516	\$	\$ 7	\$
Miscellaneous	<u>9,391</u>		<u>5,000</u>			<u>19,297</u>
Total receipts	9,404	2	6,516		7	19,297
Disbursements	<u>6,262</u>		<u>(7,580)</u>			<u>12,139</u>
Net change in cash balances	3,142	2	(1,064)		7	7,158
Cash balance - beginning of year	19,721	2,726	111,342	55	11,490	
Cash balance - end of year	<u>\$ 22,863</u>	<u>\$ 2,728</u>	<u>\$ 110,278</u>	<u>\$ 55</u>	<u>\$ 11,497</u>	<u>\$ 7,158</u>

City of Coon Rapids, Iowa
Notes To Financial Statements
June 30, 2011

1/ Summary of Significant Accounting Policies

The City of Coon Rapids is a political subdivision of the State of Iowa located in Carroll and Guthrie Counties. It was first incorporated in 1882 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, public improvements, and general administrative services.

A. Reporting Entity

For financial reporting purposes, the City of Coon Rapids has included all funds, organizations, agencies, boards, commissions, and authorities, except as noted below. The City has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing board and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

Component Units

These financial statements present the City of Coon Rapids (the primary government) and exclude all component units. The following component units are entities, which are legally separate from the City, but are so intertwined with the City that they are, in substance, part of the City. However, the financial transactions of these component units have not been displayed for various reasons.

The Coon Rapids Municipal Utilities Board, which was established under Chapter 388 of the Code of Iowa, is legally separate from the City, but has the potential to provide specific benefits to, or impose specific burdens on the City since it provides utilities to the City's citizenry. It is governed by a three member board appointed by the mayor and approved by the City Council. It uses a different basis of accounting than the City and is audited separately and the report is filed under separate cover. Complete financials statements can be obtained at the Municipal Utilities administrative office.

The Thomas Rest Haven, which was established by local resolution, is legally separate from the City, but has the potential to impose specific burdens on the City. The Thomas Rest Haven provides intermediate long-term care to the elderly and is governed by a three member board with the members elected on a nonpartisan basis. It uses a different basis of accounting than the City. Also, as permitted by the Code of Iowa, the accounting records were not audited as of June 30, 2011. Unaudited financial statements can be obtained at the Thomas Rest Haven administrative office.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the City's citizenry, but do not meet the criteria for a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Resources Enhancement and Protection Committee, Carroll County E911 Committee, Carroll County Solid Waste Management Commission and Carroll County Ambulance Commission.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in three categories:

Nonexpendable restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City.

Expendable restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Employee Benefits Fund is used to account for the tax levy and the disbursement for the benefits.

Local Option Sales Tax is used to account for the local option sales tax.

Urban Renewal Tax Increment Fund is used to account for the tax increment financing collections and the repayment of tax increment financing indebtedness and the payment of other expenses relating to the Tax Increment Financing District.

Debt Service is utilized to account for the payment of interest and principal on the City's general long-term debt.

Trust Funds-The City reports funds which are used to account for monies and properties received and held by the City in a fiduciary capacity and includes Expendable Trust Funds.

C. Measurement Focus and Basis of Accounting

The City of Coon Rapids maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operation of the funds in accordance with U.S. generally accepted accounting principles.

D. Budget and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

2/ Cash and Pooled Investments

The City's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States Government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts, and warrants or improvement certificates of a drainage district.

Interest Rate Risk – the City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but maturities shall be consistent with the needs and use of the City.

3/ Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the City is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2011 were \$19,184, equal to the required contributions for the year.

3/ Bonds Payable

Annual debt service requirements for general obligation bonds are as follows:

General Obligation Bonds		
Year Ending June 30,	Principal	Interest
2012	175,670	33,993
2013	50,000	26,105
2014	150,000	24,230
2015	220,000	18,230
2016	180,000	8,550
Total	\$ 775,670	\$ 111,108

5/ Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for these earned termination payments payable to employees at June 30, 2011, primarily relating to the General Fund, is \$11,000.

This liability has been computed based on rates of pay as of June 30, 2011.

6/ Other Post Employment Benefits (OPEB)

Plan Description- The city participates in a single employer benefit plan, which provides medical, prescription drug and dental benefits for active employees, retirees and their spouses. There are 4 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the full premium for medical benefits while the City contributes to the premium of active employees.

Funding Policy- The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for single coverage is \$299, and family coverage is \$671. The City pays a maximum of \$515 per month for each employee, with the employee contributing the balance. The contribution requirements of plan members are established and may be amended by the City. For the year ended June 30, 2011, the City contributed \$ 22,940 and plan members eligible for benefits contributed \$6,598 to the plan.

6/ Risk Management

The City of Coon Rapids is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

7/ Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

	Transfer To				Total
	General	Employee Benefits	Debt Service	Main Street Bridge	
Transfer from					
Local Option Sales Tax	\$ 114,062	\$ 48,000			\$ 162,062
Tax Increment Financing			79,730		79,730
Sumpter Bridge				10	10
5th Ave. Bridge				40,964	40,964
	<u>\$ 114,062</u>	<u>\$ 48,000</u>	<u>\$ 79,730</u>	<u>\$ 40,974</u>	<u>\$ 282,766</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

8/ Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that effect the reported amounts and disclosure of liabilities, contingent liabilities, and commitments at the date of the financial statements, and the classification of receipts and disbursements during the reporting period. Actual results could differ from the estimates that were used.

9/ Landfill Closure and Post-closure Care

The City has entered into an agreement with several other municipalities and counties, as allowed under Code of Iowa Section 28E, to provide for economically and environmentally responsible disposal of solid waste and establish permanent responsibility through the Carroll County Solid Waste Management Commission. State and Federal laws and regulations require the Commission to place a final cover on the sites and perform certain maintenance and monitoring functions at the sites for thirty years after closure. At June 30, 2011 the estimated total liability for closure and post-closure costs is \$2,277,709, based on 2010 cost estimates. Actual costs may be higher due to inflation, technology changes, and changes in regulations. The Commission has accumulated resources totaling \$1,626,861 for these costs. As specified in the 28E agreement, the City would be responsible for 5.2% of the deficiency or approximately \$33,000. The City's proportionate share is updated annually in accordance with the agreement.

10/ Related Party Transactions

The City had business transactions between the City and City officials totaling \$2,454 during the year ended June 30, 2011.

City of Coon Rapids, Iowa
 Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances
 Budget and Actual (Cash Basis) - All Governmental Funds
 Required Supplementary Information
 Year ended June 30, 2011

		Budgeted Amounts	
	Governmental Funds Actual	Original	Final
Receipts			
Property Taxes	\$ 367,882	\$ 362,936	\$ 362,936
Tax Increment Financing	158,196	150,861	150,861
Other City Taxes	181,510	155,250	155,250
Licenses and permits	3,215		
Use of money and property	6,874	75,780	75,780
Intergovernmental	298,495	244,000	244,000
Charges for Service	159,444	8,130,342	8,130,342
Miscellaneous	40,946	27,320	27,320
Total Receipts	1,216,562	9,146,489	9,146,489
Disbursements			
Public safety	232,469	200,335	238,985
Public works	273,265	270,996	292,496
Health and social services		1,000	1,000
Culture and recreation	200,123	229,698	269,898
Community and economic development	37,867	117,000	241,500
General government	168,402	187,620	190,720
Debt service	215,956	142,089	142,089
Capital projects		40,000	40,000
Business Type Activities		7,604,559	7,735,559
Total Disbursements	1,128,082	8,793,297	9,152,247
Excess (deficiency) of receipts over (under) disbursements	88,480	353,192	(5,758)
Other financing sources, net			
Balance - beginning of year	695,123	5,037,652	5,037,652
Balance - end of year	\$ 783,603	\$ 5,390,844	\$ 5,031,894

See accompanying independent auditors' report.

Less- Excluded Component	Net City Budget	Final to Net Variance
\$	\$ 362,936	\$ 4,946
	150,861	7,335
	155,250	26,260
		3,215
67,970	7,810	(936)
	244,000	54,495
7,954,292	176,050	(16,606)
	27,320	13,626
8,022,262	1,124,227	92,335
	238,985	6,516
	292,496	19,231
	1,000	1,000
	269,898	69,775
	241,500	203,633
	190,720	22,318
	142,089	(73,867)
	40,000	40,000
7,735,559		
7,735,559	1,416,688	288,606
286,703	(292,461)	380,941
4,328,402	709,250	(14,127)
\$ 4,615,105	\$ 416,789	\$ 366,814

City of Coon Rapids, Iowa
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Fiduciary Trust Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon major classes of disbursements known as functions, not by fund or fund type. These functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, and debt service.. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, and Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$403,950. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2011, disbursements exceeded the amounts budgeted for Debt Service.

The City is required to publish the budget including Coon Rapids Municipal Utilities. Since the component unit was excluded from the government financial statements the final budget was adjusted for comparison purposes.

City of Coon Rapids, Iowa
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
Nonmajor Governmental Funds
As of and for the year ended June 30, 2011

	Storm Water Utility	Great Places	Sumpter Bridge	5th Avenue Bridge	Main Street Bridge	Total
Receipts						
Use of money and property	\$ 20	\$ 10	\$	\$ 19	\$ 7	\$ 56
Charge for Services	36,002					36,002
Total Receipts	36,022	10		19	7	36,058
Disbursements						
Operating						
Public Works	4,491					4,491
Total Disbursements	4,491					4,491
Excess (deficiency) of receipts over (under) disbursements	31,531	10		19	7	31,567
Other financing sources (uses)						
Operating transfers in					40,974	40,974
Operating transfers out			(10)	(40,964)		(40,974)
Total other financing sources (uses)			(10)	(40,964)	40,974	
Net change in cash balances	31,531	10	(10)	(40,945)	40,981	31,567
Cash balance - beginning of year	14,448	16,829	10	40,945		72,232
Cash balance - end of year	\$ 45,979	\$ 16,839	\$	\$	\$ 40,981	\$ 103,799
Cash basis fund balances						
Restricted for:						
Bridge	\$	\$	\$	\$	\$ 40,981	\$ 40,981
Other purposes	45,979	16,839				62,818
Total cash basis fund balances	\$ 45,979	\$ 16,839			\$ 40,981	\$ 103,799

See accompanying independent auditors' report.

City of Coon Rapids, Iowa
Schedule of Indebtedness
For the year ended June 30, 2011

Schedule 2

	Date of Issue	Interest Rates	Amount Originally Issued
Obligation			
General Obligation Corporate Purpose	July, 2008	3.50 - 4.75%	\$ 800,000
General Obligation - Sumpter Bridge	May, 2002	3.50%	350,000
General Obligation - Aquatics Center	June, 1997	4.30 - 5.40%	950,000
Totals			

See accompanying independent auditor's report.

Schedule 2

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ 700,000	\$ -	\$ 50,000	\$ 650,000	\$ 29,730
79,959	-	39,289	40,670	2,799
170,000	-	85,000	85,000	9,137
<u>\$ 949,959</u>	<u>\$ -</u>	<u>\$ 174,289</u>	<u>\$ 775,670</u>	<u>\$ 41,666</u>

City of Coon Rapids, Iowa
Bond Maturities
June 30, 2011

Schedule 3

General Obligation Bonds							
Corporate Purpose			Sumpter Bridge		Aquatic Center		
Issued July 10, 2008			Issued May 31, 2002		Issued June 1, 1997		
Year Ending June 30,	Interest Rates (%)	Amount	Interest Rates (%)	Amount	Interest Rates (%)	Amount	Total
2011	3.75	50,000	3.50	40,670	5.40	85,000	175,670
2012	3.75	50,000					50,000
2013	4.00	150,000					150,000
2014	4.40	220,000					220,000
2015	4.75	180,000					180,000
Totals		<u>\$ 650,000</u>		<u>\$ 40,670</u>		<u>\$ 85,000</u>	<u>\$ 775,670</u>

See accompanying independent auditors' report.

POLLARD AND COMPANY P.C.

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PRIVATE COMPANIES PRACTICE SECTION
IOWA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council

We have audited the accompanying financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of the City of Coon Rapids, Iowa as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon as dated below. Our report expressed qualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Coon Rapids's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, we identified deficiencies in internal control over financial reporting, described in Part I of the accompanying Schedule of Findings, that we considered to be a material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Coon Rapids's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain

immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Coon Rapids's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusion on the City's responses, we did not audit the City's responses and, accordingly, we express no opinion on them.

This report, a matter of public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Coon Rapids and other parties to whom the City may report. This report is not intended to be and should not be used by anyone other than these specified parties.

March 23, 2012

Pollard and Company P.C.

CITY OF COON RAPIDS, IOWA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

PART I Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

I-A-11 Segregation of Duties

One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the general ledger, bank reconciliations and securities control and custody are all done by the same person.

Recommendation

We realize that, with a limited number of office employees, segregation of duties is difficult. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response

The City will attempt to segregate duties to the extent possible to provide additional control through review of financial transactions and reports and segregation of duties.

Conclusion- Response accepted.

INSTANCES OF NON- COMPLIANCE:

No matters were noted.

PART II Other Findings Related to Required Statutory Reporting

II-A-11 Certified Budget

Disbursements during the year ended June 30, 2011 exceeded the amounts budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation".

Recommendation -The certified budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The debt service totaling \$ 73,867 was classified in the Community and Economic Development function in the budget. For the financial statements it was properly reclassified to debt service resulting in a deficit in that function. The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

II-B-11 Questionable Disbursements

We noted no disbursements for parties, banquets or other entertainment expenses that do not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-11 Travel Expense

No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-11 Business Transactions

During the year ended June 20, 2011, the City purchased goods and services from the following City officials:

Jon Esdohr	Council Member and owner of Esdohr Plumbing Compressor repair	\$86
Geraldine Thacker	Council Member and employee of Tyler Technologies Annual software maintenance contract	\$1,734
Kevin Reis	Employee and owner of Reis Lawn Care Service Spraying parks	\$634

In accordance with Chapter 362.5 of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since total transactions with each individual were less than \$2,500 during the fiscal year.

II-E-11 Bond Coverage

Surety bond coverage of City officials and employees is in accordance with statutory provisions.

II-F-11 Council Minutes

No transactions were found that we believe should have been approved in the Council minutes but were not.

II-G-11 Deposits and Investments

We noted no instances of noncompliance with deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa.